

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

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FROM DEPUTY SECRETARY FOR AMBASSADOR

E.O. 11652, N/A

TAGS: EAIR, UK

SUBJECT: U.S.-U.K. AIRLINE CAPACITY DISPUTE

1. SEPTTEL REPORTS U.S.-U.K. DISCUSSIONS WHICH TOOK PLACE THIS WEEK ON U.S.-U.K. AIRLINE CAPACITY. I AM CALLING IN AMBASSADOR RAMSBOTHAM ON MONDAY APRIL 12 TO DELIVER AIDE-MEMOIRE AND REQUEST YOU MAKE PARALLEL APPROACH TO NEW SECRETARY OF STATE FOR TRADE, EDMOND DELL. SUGGEST YOU DELIVER SIMILAR PAPER, ADDING THAT, AS NEW SECRETARY OF TRADE, HE SHOULD REVIEW WHOLE MATTER. REPRESENTATIONS MUST BE MADE BY COB MONDAY SINCE UK HAS THREATENED IMPOSE RESTRICTIONS ON U.S. AIRLINES TUESDAY MORNING.

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2. TEXT MY AIDE-MEMOIRE AS FOLLOWS:

QUOTE: AT THE CONCLUSION OF RECENT CIVIL AVIATION DISCUSSIONS BETWEEN U.S. AND U.K. REPRESENTATIVES, THE UNITED KINGDOM REPRESENTATIVES INDICATED THE INTENTION OF THE BRITISH AUTHORITIES UNILATERALLY TO IMPOSE LIMITATIONS ON THE NUMBER OF FLIGHTS UNITED STATES AIRLINES MAY OPERATE THIS SUMMER. APPARENTLY, THE BRITISH AUTHORITIES BELIEVE THAT A SERIOUS PROBLEM OF EXCESS CAPACITY EXISTS AND THAT IT MUST BE RESOLVED BY INTERGOVERNMENTAL AGREEMENT OR, IF THAT IS NOT POSSIBLE, BY UNILATERAL BRITISH ACTION.

THE UNITED STATES BELIEVES THAT A SERIOUS CAPACITY PROBLEM IS NOT LIKELY THIS SUMMER, AND THAT THEREFORE, AN INTERGOVERNMENTAL AGREEMENT IS NOT NECESSARY. OUR CONCERN, HOWEVER, IS MUCH BROADER THAN THIS. WE WOULD HAVE TO REGARD UNILATERAL ACTION AS A BREACH OF THE BERMUDA AIR SERVICES AGREEMENT, WHICH WOULD REQUIRE US TO TAKE COUNTER ACTION AGAINST BRITISH AIRWAYS. MOREOVER, THE USG COULD NOT TOLERATE A BRITISH ACTION WHICH WOULD SO CLEARLY STIFLE REASONABLE COMPETITIVE INITIATIVES.

THE U.S. FULLY UNDERSTANDS THE U.K. COMMITMENT TO RATIONALIZE AIRLINE CAPACITY, AS WELL ITS DESIRE TO RENEGOTIATE THE BERMUDA AGREEMENT. BUT THESE MATTERS SHOULD NOT BE ADDRESSED IN A CRISIS SITUATION. THE RESULT COULD ONLY HURT THE AIRLINES, TRAVELING PUBLIC, AND TOURISM INTERESTS OF BOTH COUNTRIES. MOREOVER, THE ANTI-CONCORDE FORCES WOULD BE STRENGTHENED IF THE BRITISH GOVERNMENT WERE TO STOP U.S. AIRLINES FROM FLYING THEIR PLANNED SCHEDULES TO THE U.K.

THE U.S. STANDS READY TO MONITOR THE AIRLINE CAPACITY SITUATION CLOSELY AND CONSULT PROMPTLY SHOULD THE BRITISH AUTHORITIES BELIEVE THAT A HARMFUL SITUATION HAS DEVELOPED THIS SUMMER. THE U.S. TRUSTS THE BRITISH GOVERNMENT WILL AGREE, HOWEVER, THAT IN ORDER TO AVOID A DAMAGING CONFRONTATION, THE BRITISH AVIATION AUTHORITIES SHOULD REFRAIN FROM UNILATERAL ACTION. THIS LIMITED OFFICIAL USE

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WOULD PERMIT THE TWO COUNTRIES TO ADDRESS THE UNDERLYING ISSUES REASONABLY AND CALMLY IN DUE COURSE. UNQUOTE.

3. SUGGESTED TALKING POINTS ARE AS FOLLOWS:

-- THE SCHEDULE PLANS OF THE AIRLINES THIS SUMMER WILL NOT CREATE A SERIOUS PROBLEM OF EXCESS CAPACITY.

-- THEREFORE, THE EXTREME STEP OF GOVERNMENTAL INTERVENTION IS NOT WARRANTED.

-- UNILATERAL BRITISH ACTION WOULD BE REGARDED AS A BREACH OF THE AIR SERVICES AGREEMENT.

-. THE USG COULD NOT TOLERATE A BRITISH ACTION WHICH INTERFERES WITH REASONABLE COMPETITIVE INITIATIVES BY AIRLINES.

-- THE U.S. WOULD HAVE TO RETALIATE AGAINST BRITISH AIRWAYS AND THIS COULD LEAD TO A CHAIN REACTION DAMAGING

THE AIRLINES, THE PUBLIC, AND TOURISM.

-- THE ANTI-CONCORDE FORCES IN THE U.S. WILL BE STRENGTHENED AND MAY HAVE A NEW WEAPON TO TIE UP THE CONCORDE BY MORE LEGAL MANEUVERING.

-- WE DO NOT WANT SUCH A CONFRONTATION, AND NEITHER SHOULD THE U.K.

-- WE HAVE MADE A REASONABLE OFFER TO MONITOR AND CONSULT SHOULD A DAMAGING SITUATION OCCUR THIS SUMMER.

-- THE U.K. DEPARTMENT OF TRADE SHOULD NOT ISSUE ITS ORDER.

-- THE UNDERLYING ISSUES SHOULD BE ADDRESSED REASONABLY AND CALMLY IN DUE COURSE. KISSINGER

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